

D.P.U. 95-5D

Application of Fitchburg Gas and Electric Light Company:

(1) under the provisions of G.L. c. 164, § 94G and the Company's tariff, M.D.P.U. No. 22, for approval by the Department of Public Utilities of a change in the quarterly fuel charge to be billed to the Company's customers pursuant to meter readings in the billing months of November and December 1995, and January 1996; and

(2) for approval by the Department of rates to be paid to Qualifying Facilities for purchases of power pursuant to 220 C.M.R. §§ 8.00 et seq. The rules established in 220 C.M.R. §§ 8.00 et seq. set forth the filings to be made by electric utilities with the Department, and implement the intent of §§ 201 and 210 of the Public Utilities Regulatory Policies Act of 1978.

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APPEARANCES: Paul B. Dexter, Esq.  
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FOR: FITCHBURG GAS AND ELECTRIC  
LIGHT COMPANY  
Petitioner

## I. INTRODUCTION

On October 4, 1995, pursuant to G.L. c. 164, § 94G and 220 C.M.R. §§ 8.00 et seq., Fitchburg Gas and Electric Light Company ("Fitchburg" or "Company") notified the Department of Public Utilities ("Department") of the Company's intent to file a quarterly change to its fuel charge in conformance with its tariff, M.D.P.U. No. 22, and to its Qualifying Facility ("QF") power purchase rates in conformance with its tariff, M.D.P.U. No. 82. The Company requested that both these changes be effective for bills issued pursuant to meter readings for the billing months of November and December 1995, and January 1996. These matters were docketed as D.P.U. 95-5D.

Pursuant to notice duly issued, a public hearing on the Company's application was held on October 26, 1995, at the Department's offices in Boston. Notice of the hearing was published by the Company in the Fitchburg-Leominster Sentinel and the Worcester Telegram. The Company also complied with the requirement to mail a copy of the notice of the hearing to the Chairmen of the Boards of Selectmen and the Town Clerks of the towns of Lunenburg, Ashby and Townsend, and the Mayor and City Clerk of the City of Fitchburg; to all persons with whom the Company has special retail contracts that do not incorporate a filed rate; and to all intervenors and their respective counsel from the Company's prior two fuel charge proceedings. No petitions for leave to intervene were filed.

At the hearing, the Company sponsored one witness: David W. Lavoie, Contracts Supervisor for UNITIL Service Corporation ("UNITIL").<sup>1</sup> The evidentiary record consists of one

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<sup>1</sup> UNITIL, an affiliate of Fitchburg, provides management services to Fitchburg, including the development of the Company's electric fuel charge.

Company exhibit, and the response to one record request.

The Company owns and operates one generating unit, Fitchburg Unit No. 7, an oil-fired unit of approximately 28 megawatts ("MW"), and receives power under various arrangements from units operated by others. The arrangements include entitlement to 20 MW of the New Haven Harbor unit in Connecticut, which is operated by United Illuminating Company; and one MW of the Wyman 4 unit, operated by Central Maine Power Company. As found in its 1994 Annual Report to the Department, Fitchburg serves approximately 26,000 customers; and reported revenue from retail sales of electricity of \$43,288,502.

## II. FUEL CHARGE

On October 19, 1995, the Company filed with the Department its proposed changes to its fuel charge and QF power purchase rates for November and December 1995, and January 1996. For these billing months, the Company proposes a fuel charge of \$0.03973 per kilowatthour ("KWH") (RR-DPU-1). The proposed fuel charge is \$0.00054 per KWH less than the fuel charge of \$0.04027 per KWH approved by the Department in Fitchburg Gas and Electric Light Company, D.P.U. 95-5C (1995) for meter readings for the billing months of August, September and October 1995.

According to Mr. Lavoie and the Company's revised calculations in response to the Department's record request, the decrease in the proposed fuel charge for the projected quarter results from the fact that the total expenses to be recovered in the forecast period show an increase of 2.9 percent, while sales are expected to increase by 4.3 percent over the previous forecast (Exh. FGE-1, at 3; RR-DPU-1; Tr. at 10). In addition, the Company

projects an overrecovery of \$170,277 as a result of more sales than originally forecast (Exh. FGE-1, at 3; RR-DPU-1).

In the present case, the Company has proposed a mechanism to continue stabilization of its fuel charge to address the effect of costs relating to Fitchburg's purchased power contract with Pinetree Power, formerly KES Fitchburg, L.P. (Exh. FGE-1, at 4-5; Tr. at 10-12).

According to the Company, the Pinetree Power non-fuel cost amortization relating to that project's initial phase-in was approved in D.P.U. 92-5C, and is scheduled to expire in December 1995 (Exh. FGE-1, at 4; Tr. at 10). The Company now proposes to amortize demand costs of \$594,338 per month through December 1996, based on a rolling twelve month amortization (Exh. FGE-1, at 4, exh. DWL-1; Tr. at 11).<sup>2</sup>

According to the Company witness, the Pinetree Power demand costs represent roughly 40 percent of the total fuel charge recoverable costs and without an amortization, a one month outage could cause a downward swing in the fuel charge by approximately \$0.00549 per KWH, or 13.7 percent, followed by an upward swing in the following quarter of the same magnitude (Exh. FGE-1, at 4). Mr. Lavoie testified that the amortization would spread the effects of such an outage over twelve months and reduce the volatility in rates (id.).

### III. QUALIFYING FACILITIES

Pursuant to the Department's rules, 220 C.M.R. §§ 8.00 et seq., rates to be paid to QFs for short-run power purchases are set with the same frequency as the fuel charge. A QF is a small

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<sup>2</sup> According to the Company, "the Department found in its order in Fitchburg Gas and Electric Light Company, D.P.U. 92-5C that the proposed stabilization lessened the impact of the Pinetree contract on the fuel charge and that this was in the best interests of the Company's ratepayers" (Exh. FGE-1, at 4, citing Fitchburg Gas and Electric Light Company, D.P.U. 92-5C at 7 (1992)).

power producer or cogenerator that meets the criteria established by the Federal Energy Regulatory Commission in 18 C.F.R. § 292.203(a) and adopted by the Department in 220 C.M.R. § 8.02.

Pursuant to the 220 C.M.R. § 8.04(4), the Company is required to calculate short-run energy purchase rates on a time-of-supply basis for two rating periods: peak and off-peak. In addition, the Company is required to calculate a non-time-differentiated rate, i.e., a total period rate, which is a weighted average of the time-of-supply rates, where the weighting is a function of the number of hours in each rating period. See 220 C.M.R. § 8.04(4)(b). The Company is also required, under 220 C.M.R. § 8.04(6)(b), to file its short-run capacity purchase rates, calculated on a KWH basis by voltage level, according to the formula in 220 C.M.R. § 8.04(6)(a).

The Company has proposed the following standard rates to be paid to QFs during November and December 1995, and January 1996:

Energy Rates By Voltage Level (Mills/KWH)

<u>Voltage Level</u>	<u>Peak</u>	<u>Off-Peak</u>	<u>Total</u>
NEPOOL Trans.	35.69	13.70	22.96
Fitchburg 69 KV	35.80	13.74	22.03
13.8 KV Subtrans.	36.13	13.86	23.24
Primary	38.61	14.27	24.40
Secondary	38.98	14.52	24.73

(Exh. FGE-1, Sch. C at 1).

Short-Run Capacity Rates (Mills/KWH)Voltage Level

NEPOOL Trans.	23.15
Fitchburg 69 KV	23.23
13.8 KV Subtrans.	23.44
Primary	25.05
Secondary	25.29

(Exh. FGE-1, Sch. D at 1).

IV. FINDINGS

Based on the foregoing, the Department finds:

1. that the fuel charge to be applied to Company bills issued pursuant to meter readings for the billing months of November and December 1995, and January 1996 shall be \$0.03973 per KWH (the calculation of the fuel charge is shown in Table 1 attached to this Order);

2. that the QF power purchase rates for November and December 1995, and January 1996 shall be the rates set forth in Section III above; and

3. that the proposed extension of the amortization calculation lessens the impact of any outages over twelve months and reduces volatility in rates and is in the best interests of the Company's ratepayers.

V. ORDER

Accordingly, after due notice, hearing and consideration, it is

ORDERED: That Fitchburg Gas and Electric Light Company is authorized to put into effect a quarterly fuel charge of \$0.03973 per KWH as set forth in Section IV, Finding 1 of this Order for bills issued pursuant to meter readings for the billing months of November and December 1995, and January 1996, subject to refund; and it is

FURTHER ORDERED: That the fuel charge approved herein shall apply to kilowatthours sold to the Company's customers subject to the jurisdiction of the Department and shall be itemized separately on all such customers' electric bills; and it is

FURTHER ORDERED: That the Company's Qualifying Facility power purchase rates for the billing months of November and December 1995, and January 1996 shall be those set forth in the Table on page four of this Order; and it is

FURTHER ORDERED: That the Company may accrue the demand costs associated with Pinetree Power through December 1996 as set forth in Exhibit FGE-1, exhibit DWL-1; and it is

FURTHER ORDERED: That the Company, in all future fuel charge proceedings, shall notify all intervenors and their respective counsel from the Company's prior two fuel charge proceedings that it is proposing an adjustment to its fuel charge, and shall also notify these persons of the date scheduled for the hearing on the proposed fuel charge at least ten days in advance of the hearing; and it is

FURTHER ORDERED: That the Company, in all future fuel charge proceedings, shall provide all intervenors and their respective counsel from the prior two fuel charge proceedings with a copy of its fuel charge filing, in hand or by facsimile, on the same day it is filed with the Department; and it is

FURTHER ORDERED: That, pursuant to G.L. c. 164, § 94G (a) and (b), fuel costs allowed by this Order are subject to such disallowance as the Department may determine in any subsequent investigation of the Company's performance period that includes the quarter applicable to the present charges.

By Order of the Department,

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Mary Clark Webster, Commissioner

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Janet Gail Besser, Commissioner



Appeal as to matters of law from any final decision, order or ruling of the Commission may be taken to the Supreme Judicial Court by an aggrieved party in interest by the filing of a written petition praying that the Order of the Commission be modified or set aside in whole or in part.

Such petition for appeal shall be filed with the Secretary of the Commission within twenty days after the date of service of the decision, order or ruling of the Commission, or within such further time as the Commission may allow upon request filed prior to the expiration of twenty days after the date of service of said decision, order or ruling. Within ten days after such petition has been filed, the appealing party shall enter the appeal in the Supreme Judicial Court sitting in Suffolk County by filing a copy thereof with the Clerk of said Court. (Sec. 5, Chapter 25, G.L. Ter. Ed., as most recently amended by Chapter 485 of the Acts of 1971).